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Government of Himachal Pradesh
Local Audit Department

From:

The Director,
Local Audit Department
Himachal Pradesh Shimla-9

To

The Principal Secretary (Housing) to the
Government of Himachal Pradesh
Shimla- 171009

Subject: Dated, Shimla-171009, the 17th May, 2014.
Audit and Inspection Report on the final accounts (Balance Sheet, Profit & Loss Account) of HIMUDA for the period 2012-2013

Sir,

Please enclosed herewith the Audit and Inspection Report of the final accopunts (Balance Sheet, Profit and Loss Account) of HIMUDA for the period 2012-2013 alongwith certified balance sheet for taking further necessary action.

Yours faithfully,

Sd/-

Additional Director,
Local Audit Department,
Himachal Pradesh, Shimla-171009.

Endst. No. As above, Dated,Shimla-171009, the.....

Copy forwarded to :

1. Chief Executicve Officer-cum-Secretary, HIMUDA Nigam vihar, Shimla -171002 alongwith a copy of Audit and Inspection report and certified balance sheet for information and necessary action.

Sd/-

Additional Director,
Local Audit Department,
Himachal Pradesh, Shimla-171009.

Government of Himachal Pradesh

Local Audit Department

Block No. 38, SDA Complex,

Kasumapti, Shimla-9



Audit and Inspection Report

On

Final Accounts of HIMUDA

For the Period 04/2012 to 03/2013

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PREFACE

The audit of final accounts (Balance Sheet, profit and Loss Account) of HP Housing and Urban Development Authority, Nigam Vihar, Shimla -02 for the year 2012-13 was conducted by the Local Audit Department under the provision of the HP Govt. Notification No. HSG-4(D) 1-1/92/2 dated 13.09.2004.

The audit and inspection report on the final accounts of HIMUDA for the period 04/2012 to 03/ 2013 has been prepared for the submission to the Government of Himachal Pradesh through the Principal Secretary Housing.

This report is a summary of serious findings arising out of audit of final accounts of HIMUDA for the period 2012-13

The idea of this report is to give impression of functioning of HIMUDA and to draw the attention of the State Government for remedial action and improvement where ever necessary.

OVERVIEW

An overview to the audit and inspection report on the final accounts of HIMUDA for the year 2012-13

Sr. No.	Para No.	Brief Description	(₹) In crore
1	3.1	Decrease in Capital Reserve as compare to previous year	4.27
2	3.2	Non-adjustment of reserve and surplus in NVP accounts	4.90
3	3.3	Unjustified creation of provision on account of interest redemption	3.66
4	3.4	Wrong accountal of Provisions for Allocation of interest under the Head "Grant utilized for development/ acquisition" (Schedule "A" item No. 3(iii))	0.80
5	4.1	Non depiction of component wise loan repayment of HUDCO loan	6.77
6	4.2	Wrong depiction of accounting head Interest Payable on Govt. Loan in Secured Loan instead of Current Liabilities	3.40
7	5.1	Non adjustment of accounts viz material purchase, sundry creditors, stock adjustment a/c, contractors deposit(NVP),deposit works(NVP)	1.03
8	5.2	Incorrect adjustment of minus entry under the head Initial Deposit/Earnest Money and non submission of detail of Initial Deposit/Earnest Money & Security	25.55
9	5.3	Non utilization of advance receipt against deposit works	65.75
10	6.1	Non adjustment of book value of Rest House at Strawberry Hill	0.009
11	7.1	Non adjustment of Work in Progress account and wrong depiction of Receipt from allottees.	860.65
12	7.2	Non adjustment of accumulated deemed profits.	100.59
13	7.3	Non adjustment of Work Completed in hands.	4.48
14	7.4	Non settlement of "Cash in Transit" account".	0.37

15	7.5	Non recovery on account of excess expenditure incurred on "Deposit Works".	2.17
16	7.6	Non adjustment of staff advance .	3.76
17	7.7	Non settlement/adjustment of Cash Settlement Suspense Account .	0.65
18	7.8	Non Reconciliation of "Cost of Sale Receivable" account .	4.03
19	7.9	Wrong depiction of "Recoverable from H.P. Govt. on account of GRHS executed by HPPWD" & "Police Rental Housing Scheme " under current assets.	0.56
20	7.10	Non recovery on account of "Maintenance, Water Charges & Rent Receivable"	3.62
21	7.11	Income Tax Recoverable A/c from IT Deptt	12.55
22	7.12	Clubbing the amount of "Adjustable Amount(JNNURM) ₹3.11crore in the Accounting Head "Rectification".	3.15
23	7.13	Non adjustment of various Accounts i.e Work completed in hand, Material for works in store(NVP),Other miscellaneous advances(NVP),Suspense a/c, Rectification.	8.96
24	8.1	Less Accountal of Interest on FDRs.	3.39
25	9.1	Excess expenditure on Estt. Expenditure over and above the administrative charges	7.89
26	9.2	Revenue loss on maintenance of colonies	2.53

Suggestions

- 1 Uniformity in maintaining the accounts of HIMUDA units may be brought out by preparing accounting manual/code specifying head of account as per accepted principle of accounting.
- 2 Periodicals review of adjustment of advances and recovery of water & maintenance charges etc.
- 3 Fixing of targets for finalization of accounts of various housing colonies whose construction work has been completed.
- 4 Utilization of existing man power to its maximum capacity in most economic manner.
- 5 Construction activities may be increased to bridge the gape between establishment expenditure and administrative charges receipt.
- 6 Advance receipt from different departments/ institutions on account of deposit works may be utilized in time bond manner.
- 7 The excess expenditure incurred by HIMUDA on deposit works may be recovered by taking up the matter with the Administrative Secretary of the concerned departments.
- 8 The final settlement of accounts viz. reserve and surplus of NVP, material purchase account, sundry creditor, stock adjustment account, contractors deposit(NVP), deposit works(NVP), work in progress account, works completed in hand, material for works in store(NVP), sundry debtors, other misc. advances(NVP), TDS recoverable from IT deptt., suspense A/C, rectification a/c, accumulated deemed profits, cash settlement suspense

a/c, cash in transit account may be carried out in time bound manner so that the fair view of the financial statement can be ascertained.

Audit and Inspection Report on the Final Accounts (Balance Sheet, Profit and Loss Account) of HP Housing and Urban Development Authority, Nigam Vihar, Shimla-02 for the year 2012-13

1 Preliminary

The audit of final accounts (Balance Sheet, Profit and Loss Account) of HP Housing and Urban Development Authority, Nigam Vihar, Shimla-02 for the year 2012-13 was conducted under the provision of Section 28(3) of HP Housing and Urban Development Authority Act, 2004 read with the HP Govt. notification No. HSG-4(D)1-1/92/2 dated 13.09.2004.

- 1.1** The following officers functioned as Chief Executive Officer–cum-Secretary of the authority during the period 01.04.12 to 31.03.2013.

Sr No.	Name of the CEO Cum Secretary	Period
1	Sh.B.B.Kalra	01.04.2012 to 31.03.2013

- 1.2** The audit of accounts of HP Housing and Urban Development Authority and its divisions were conducted by the audit parties consisting of S/Shri Ashok Sood, Assistant Controller, Ajit Singh, Anil Sharma, Sh.Ravinder, Anil Mehra, Sandeep Kamal, Manjeet Section Officers, under the supervision of Sh.Basant Singh Kanwar Deputy Director, Local Audit Department.

It is also added that the audit report has been prepared on the basis of record/information furnished and made available by the Controlling Officer of the institution. The Local Audit Department disclaims any responsibility for any misinformation or non submission of information on the part of auditee.

The account for the month of 03/2013 was selected for detailed check and the results thereof are embodied in the succeeding paragraphs.

1.3 Audit Fee:-

The Audit fee for the audit of accounts of HIMUDA shall be communicated separately to the Head Office for its remission to the Local Audit Department.

1.4 Non Compliance of observations relating to Balance Sheet:-

None of the observations on the Balance Sheet were either being complied with or no compliance thereof was shown in subsequent audits. The irregularities are being repeated year after year. Compliance of all such observations may be shown at the time of next audit.

2. BALANCE SHEET:-

The balance sheet for the year 2012-13 was submitted by the HIMUDA Authority to the Director, Local Audit Department vide their letter No. HIMUDA/Acctts-319/BSS – 2014/39807 dated 19.03.2014 and thereafter the same was put to examination along with schedules, it was noticed that the self explanatory details/statements in support of items of various schedules, as per detail given below were not attached with the schedules referred to in balance sheet. .

Head of Account	Schedule	item No.	Amount	Dr/ Cr	Remarks
Repayment of excess on account of valuation of Assets& Liabilities(NVP) (Paid to HP Govt.)	A	3(vi)	(-)14,00,00,000.00	Dr.	Explanatory details not supplied and the item is also lying pending for settlement for so many years.

Provisions for liabilities anticipated work of various colonies.	C	4,5,6,7, 11,12, 13,15, 16,17	3,03,01,881.33	Cr.	Explanatory details not supplied.
Works completed in hand.	E	A (5)	4,48,08,972.53	Dr.	Explanatory details not supplied.
Material for works in Stores.	E	A (6)	2,83,68,934.33	Dr.	Explanatory details not supplied.
Material for works in Stores (NVP).	E	A (7)	39,35,946.68	Dr.	Explanatory details not supplied.
Other Misc. Advance (NVP)	E	B (10)	87,45,915.24	Dr.	Explanatory details not supplied.(This year S.Debtors amounting to ₹85,04,270.87 are clubbed with this item where as during the previous year S.Debtors were shown separately under item No.A(10))
Cash in Transit.	E	A (11)(ii)	37,02,002.00	Dr.	Explanatory details not supplied.
Cost of Sale Receivable.	E	B (12)	4,03,47,249.78	Dr.	Explanatory details not supplied.
Suspense Account	E	B (30)	5,76,425.00	Dr.	Explanatory details not supplied.
Rectification.	E	B (31)	3,15,01,840.24	Dr.	Explanatory details not supplied.

3. SCHEDULE 'A' RESERVE AND SURPLUS:

3.1 Decrease in Capital Reserve amounting to 4.27 crore as compare to previous year:-

In schedule "A" under the head Capital Reserve {(item No. 1(i))} a sum of ₹ 123.05 Crore was shown i.e opening balance of Capital Reserve , whereas ₹127.32 crore was shown during the previous year i.e. the Closing Balance of Capital Reserve resulting thereby a difference of ₹4.27 crore. As per Accounting Standard applicable **Opening Balance of Capital Reserve of Current Year** should be tallied with the **Closing Balance of Capital Reserve** of Previous Year. After necessary scrutiny it was found that from the current year the HIMUDA authorities has prepared the separate Balance Sheet for Gratuity Fund and Contributory Provident Fund. In earlier years these funds were the part of Capital Reserve, since separate balance sheets have been prepared for these funds resulting thereby transfer of funds amounting to ₹4,26,66,479.73 i.e ₹3,87,00,000.00 for Gratuity Fund and ₹39,66,479.73 for Contributory Provident Fund their respective Balance Sheets.

3.2 Repayment to the Government on account of valuation of Assets & Liabilities (NVP) over and over above the Reserves & Surplus (NVP) amounting to ₹4.90 crore in NVP accounts:-

In schedule "A" under the head **Reserve and surplus (NVP)** {(item No. 1(ii)) & **Grant-in-Aid to NVP** {(item No. 3(v))}, a total sum of ₹9.10 Crore (₹4.45 + ₹4.65) was existing in the accounts, whereas ₹14.00 crore were shown paid to HP Government in earlier years vide **Sr. No. 3(vi)** of the **schedule on account of valuation of Assets & Liabilities(NVP)** resulting thereby excess payment of ₹4.90 crore. The excess payment may be justified as per finalization/adjustment of accounts of Erstwhile Nagar Vikas Pradhikarn. It is further added that after verification of the above mentioned

amount of ₹9.10 under the head Reserve & Surplus (NVP) may also be adjusted against the amount paid to Government in earlier years.

3.3 Unjustified creation of provision of ₹3.66 crore on account of interest redemption:-

A sum of **₹3,66,16,025.17** was shown under the head **“Interest redemption account”** i.e **Schedule “A” item No. 2**. The account represents the provisions for interest chargeable to the various Housing Colonies completed in the earlier years and final costing of which were also completed accordingly. Since interest paid on all loans taken for Housing Colonies was charged to the relevant Housing Colonies on annual basis. Hence there appears no justification for creating the provision unless such liability is actually exists. The factual position may be investigated and results thereof may be intimated to audit besides settlement of the provision in accordance with accepted accounting principles.

3.4 Wrong accountal of Provisions for Allocation of interest of ₹0.08 crore under the Head “Grant utilized for development/ acquisition” (Schedule “A” item No. 3(iii)):-

₹1.465 Crore was shown under the Head **“Grant utilized for development/land acquisition”** since several years. The figure of **₹1.465 crore** includes an amount of **₹8.03 lac** ($₹454010.85 + ₹349038.37 = ₹8,03,049.22$) pertaining to **“allocation of interest”** in respect of Housing Colonies at Mandi, Dharamshala, the allocation of interest in respect of Housing Colonies should have been accounted for and adjusted in the total expenditure chargeable to respective colonies. Therefore, after conducting necessary verification in this case, correction in final accounts may be carried out.

4. SCHEDULE 'B' SECURED LOANS:

4.1 Non Depiction of component wise Loan Repayment of HUDCO Loan for ₹6.77 crore in the schedule "B" :-

The **Schedule "B"** attached to the balance sheet represent the position of **Secured Loan** of **₹4.94 crore**. During the last financial year it was **₹8.76 crore**, which included loans from HUDCO **₹6.77 crore** (At Sr.No. 1). This includes HIMUDA's own schemes and rest of the loan pertains to Government schemes. From the perusal of related loan statement, it was noticed that **₹6.77 crore** was repaid to the HUDCO but no information has been given regarding component wise repayment in accounts, in the absence of which it could not be ascertained /verified whether the HIMUDA's own schemes loan was repaid or the Govt Loan was repaid. Therefore, the reasons for not showing the component wise loan repayment may be intimated besides making necessary correction in the books of accounts.

4.2 Wrong depiction of ₹3.40 crore under the head Interest Payable on Govt. Loan in Schedule –B i.e Secured Loan instead of Current Liabilities i.e Schedule –C:-

In **Schedule B** , i.e **Secured Loan** it was noticed that the amount of **₹3,40,09,411.00** under the head "**Interest payable on Govt. Loan**" was being shown in **Secured Loan's Schedule** at item number **B(3)**, where as it should be shown in the **Current Liabilities and Provision's Schedule**. The necessary correction may, therefore, be made, as suggested unless justified.

5. SCHEDULE 'C' (CURRENT LIABILITIES AND PROVISIONS)

5.1 Non adjustment of Accounts worth ₹1.03 crore :-

A sum of ₹103.52 lac was shown since so many years in **Schedule "C"** under the head **"Current Liabilities and Provisions"** as per detail given below. But no efforts were made to settle these accounts from the basic record. Strenuous efforts may be made to find out the basic record pertaining to these items and settle these accounts in accordance with rules /regulations and accounting principles in a time bound manner so that these liabilities could be written off and factual position of accounts is ascertained.

Sr. No.	Head	Amount(₹) inlac	Item No.	Remarks
1	Material Purchase a/c	1.51	4	The amount is pending for final settlement since last twenty years
2	Sundry Creditors	2.37	5	The amount is pending for final settlement since last twelve years
3	Provision for arbitration/works	6.38	11	The amount is pending for final settlement since so many years
4	Stock Adjustment Account	2.56	12	The stock adjustment account pertains to Mandi Division and is pending for final settlement since last Fifteen years
5	I & PH Department for WSS	17.82	13	The amount is pending for final settlement since last twenty years
6	"Contractors Deposit" (NVP)	57.58	15	The account pertains to Erstwhile NVP & is pending for final settlement since last Fifteen years
7	Misc Recoveries(NVP)	1.53	15	
8	R & D Adjustment	3.69	17	The amount is pending for final settlement since so many years

9	Development fund under Apartment Act	10.08	23	The amount is pending for final settlement since so many years
	Total	103.52		

5.2 Incorrect adjustment of minus entry ₹ 25.55 Crore under the head Initial Deposit/Earnest Money and non submission of detail of Initial Deposit/Earnest Money & Security :-

In **Schedule “C”** under the head **“Initial Deposit/earnest Money” & Security account**, at **item No. 1 & 3**, a liability of **₹52.22 Crore (₹46,03,24,684.50 + ₹6,19,14,162.19= ₹52,22,38,846.69)** was shown. From the scrutiny of record relating to the account of initial deposit/earnest money, it was revealed that in the said amount of **₹52.22 Crore** minus figure of (-) **₹25,55,40,798.30** has also been adjusted. The said minus figure of initial deposit/earnest money pertains to various colonies of HIMUDA but the self explanatory schedule/details of these figures of initial deposit/earnest money have not been prepared, in the absence of which proper scrutiny of the various accounts of initial deposit/earnest money could not be conducted. Therefore, in addition to giving complete detail of each figure of initial deposit/earnest money under various colonies, the detailed verification may also be conducted at the level of Himuda authorities and necessary action be taken accordingly.

5.3 Non utilization of Advance Receipt against Deposit Works worth 65.75 crore

In **Schedule “C”** under the Head **“Advance Payment against Deposit Works”** at **item No. 18**, a liability of **₹65,75,04,053.45** was shown. From the scrutiny of record relating to the account of Advance Payment against Deposit works, it is revealed that this was the Advance Receipt which has been received by the HIMUDA from various Deptt./institutions against

deposit works. Thus, a huge amount is lying unutilized with HIMUDA, which clearly shows that the HIMUDA authorities are not taking keen interest in completing the deposit works of various departments in a time bound manner. Therefore, the reasons for completing the works and not utilizing the amount in a time bound manner may be intimated besides this, the proper utilization of the advance in a time bound manner against deposit works may be ascertained in future.

6. SCHEDULE “D” “FIXED ASSETS - OWN BUILDING”.

6.1 Non adjustment of book value of Rest House at Strawberry Hill :-

In **Schedule D** , under the accounting head “**Own Building**” (2) an amount of ₹ 93,349.29 has been shown. From the scrutiny of record it is revealed that this amount includes the cost/written down value of Rest House at Strawberry Hill amounting to ₹ 93,349.29, which was sold by the HIMUDA some time back in the year 2004-2005 but the same is still being shown under the head “Own Buildings”. Therefore, it is advised that after conducting necessary scrutiny at HIMUDA level, the adjustment of book value of rest house at the time of sale may be carried out immediately from total figure shown under the head “**Own Buildings**” so that the true and fair view of the balance sheet could be ascertained. It is also advised that physical verification of the “**Own Assets**” may also be conducted by HIMUDA authorities.

7 SCHEDULE “E” “CURRENT ASSETS”, LOANS & ADVANCES

7.1 Non adjustment of Work in Progress account worth ₹ 860.65 crore and wrong depiction of Receipt from allottees worth ₹807.31 crore :-

(a) From the perusal of **Schedule “E” i.e “Current Assets”** it is revealed that net figure **₹53,35,19701.13** has been shown under the head **“Work in Progress”** while checking the related **Sub Schedule- XXXIII** gross figures of expenditure i.e. **₹689.88 Crore (₹ 689,88,66,382.90)** against the accounting head **“Work in Progress (Housing Scheme)** and **₹170.77 crore (₹170,77,99,554.92)** against the accounting head **“Work in Progress {Housing Scheme(NVP)}”** totalling **₹860.65 crore ((₹ 689,88,66,382.90+ ₹170,77,99,554.92= ₹860,66,65,937.82)** have been shown. Whereas, the most of the colonies had been completed since long and were sold out. On completion of the colony, the cost of colony should have been debited to works completed in hand and the work in progress should have been credited. Further, on final costing of the colony, the accounts are required to be settled by determining the sale price of the Flat/Plot and thereafter debiting the assets-in-hand and balance amount i.e., deference between sale price and expenditure incurred their-against are required to be carried over to Profit and Loss account. But it is very strange that the whole expenditure of the colonies completed so many years back are still lying in **“Work-in-Progress”** account, which is a serious matter. Therefore, this irregularity is brought to the notice of the Government of Himachal Pradesh for issuing necessary instructions/directions to HIMUDA authorities for the finalization of the housing colonies so that the accounts could be settled accordingly.

(b) Further, in **Sub Schedule-XXXIII** a sum of **₹807,31,46,236.87** has been deducted from the gross expenditure incurred on various colonies which was the **“Receipt from allottees”** against allotment of various colonies, whereas this amount should have been shown in the balance sheet under **“Current Liabilities”** because as stated in (a) above, the final costing of these colonies have not been finalized as yet.

(c) In addition to above a minus figure(-) of **₹ 8,87,37,348.14** has also been adjusted in the same **Sub Schedule- XXXIII** under the accounting head **“Housing Scheme- Enhanced Land Head office”** i.e item no. **B(ii)**, whereas this amount should have been shown in the Balance Sheet under **“Current Liabilities”**. So adjustment of accounting head **“Housing Scheme-**

Enhanced Land Head office” with the accounting head **“Work In Progress”** may be rectified unless justified.

7.2 Non adjustment of accumulated deemed profits of ₹100.59 crore

A sum of **₹1,00,59,90,947.14** has been shown vide item No.A(3) in the **Schedule E** of Current Assets under the head **“Work-in-Progress as per percentage Completion method”**. The above figure represents accumulated deemed profits from various colonies as on 31.03.2013. It is pertinent to mention here that most of the colonies against whom the deemed profits were worked out and shown under the above head of accounts were completed and the flats/plots have also been sold but final costing thereof has not been carried out by the HIMUDA authorities. Therefore, it is advised that the final costing of the completed colonies may be carried out immediately and the accumulated deemed profits may be adjusted accordingly.

7.3 Non adjustment of Work Completed in hands of 4.48 Crore

In **Schedule E** , item No. A(5) under the accounting head **“Work Completed in hands”** an amount of ₹ 4,48,08,972.53 has been shown, from the scrutiny of record it is revealed that under this head the value of such works have been shown which has been completed past several years ago and perhaps sold or transferred to allottees but no adjustment has been made under this accounting head. Therefore, it is advised that after conducting necessary scrutiny at HIMUDA level, the necessary adjustment may be carried out immediately, so that the true and fair view of the balance sheet could be ascertained. It is also advised that physical verification of the **“Work Completed in hands”** may also be conducted by HIMUDA authorities.

7.4 Non settlement of “Cash in Transit” account” ₹0.37 crore :-

A sum of ₹37,02,002.00 has been shown under the head “Cash in Transit” vide Sr. No. A-11(ii) of **Schedule ‘E’ (Sub Schedule XXVI)** of the balance sheet, from the scrutiny of record it is revealed that in some cases the amount of Cash in transit has not been adjusted even after two to three years. (Detail of which given below). Therefore, it is advised that the account may be reconciled immediately with the accounts maintained at Divisions level besides intimating the reasons for not getting the account settled even after the finalization of accounts of HIMUDA.

Name of Division	Opening Balance as on 01.04.2012		Closing Balance as on 31.03.2013	
Dharamshala 10/2010	15,00,000.00	Cr.	15,00,000.00	Cr.
Dharamshala 04/2012	150,00,000.00	Dr.	150,00,000.00	Dr.
Dharamshala 09/2010	35,00,000.00	Cr.	35,00,000.00	Cr.
Parwanoo	50,00,000.00	Cr.	50,00,000.00	Cr.

7.5 Non recovery of ₹2.17 crore on account of excess expenditure incurred on “Deposit Works”.

A sum of ₹2,16,79,975.00 has been shown as debit balance under the head of account “Recoverable against deposit works” vide **Sr. No. B (1 to 4) of Schedule “E”** (i.e Govt. Rental Housing Scheme, Police Rental Housing Scheme, Other Deptt. Against Deposit Works and Deposits Works for Navodya Vidyalaya). On scrutiny of the record, it is noticed that the amount is pending for recovery from the different departments on account of excess expenditure incurred by the HIMUDA against the amount received for deposits works. Thus, incurring of expenditure over and above the amount received against deposit works is a serious irregularity. Moreover, HIMUDA has also not recovered interest on outstanding amount. It is pertinent to mention here that the HIMUDA authorities are on one hand facilitating the departments without claiming interest on excess expenditure and on the other

hand HIMUDA is paying interest @ 12% to 14% on borrowed capital for execution of own Schemes/Colonies. The matter is therefore, brought to the notice of the higher authorities to take necessary action immediately to recover the outstanding amount/interest from concerned department

7.6 Non adjustment of staff advance of ₹3.76 crore :-

In **Schedule “E”** a sum of **₹3,76,23,083.52** has been shown under the head **“Staff advances and other miscellaneous advances”** vide Sr.No B (8&9) of schedule of **Current Assets, Loans and Advances**. The huge amount was lying outstanding for recovery since long but even after the gaps of decade, no serious efforts were made to adjust/recover these old advances. Action may be taken against the defaulters after fixing responsibility for non-adjustment of advances in time and recovery may be ensured in a time bound manner. Further, detail in self explanatory form in respect of these outstanding advances has not been prepared and supplied to audit, which may also be prepared and submitted to audit.

7.7 Non settlement/adjustment of Cash Settlement Suspense Account worth ₹0.65 crore :-

In **Schedule “E”** a sum of **Rs.₹65,69,400.73** has been shown in **“Current Assets”** vide item No.B(11) as debit balance under the head CSS account in respect of the different divisions. This head of account represents non-settlement/ adjustment of CSSA in respect of various Divisions. The CSSA is increasing year by year where as it should have nil balance. The year wise break up of the CSSA is given below. Further, HIMUDA authorities has also not supplied any statement/detail in support of balance figure of CSSA, in the absence of which it could not be ascertained that from which date and year, these figures were brought forward and pending for settlement, which is serious lapse on the part of HIMUDA. Therefore, the

irregularity is brought to the notice of the higher authorities, so that early settlement of the account is assured.

Years	Balance	Increase
2002-03	4,68,443.00	
2003-04	15,55,799.83	10,87,356.82
2004-05	10,16,757.73	(-) 5,39,042.10
2005-06	12,16,277.15	1,99,519.42
2006-07	35,96,406.15	23,80,129.00
2007-08	30,07,694.15	6,88,712.00
2008-09	35,48,414.47	5,40,720.32
2009-10	26,67,301.47	(-) 8,81,113.00
2010-11	57,57,769.47	30,90,468.00
2011-12	55,05,984.47	(-) 2,51,785.00
2012-13	65,69,400.73	10,63,416.26

7.8 Non Reconciliation of “Cost of Sale Receivable” account of ₹4.03 crore :-

Vide Sr. No. ‘B’ (12) of the **Schedule “E”**, a sum of **₹4,03,47,249.78** was shown as debit balance under the head **“Cost of Sale Receivable”**. The scrutiny of account revealed that no record/details of this account was prepared and this amount was not reconciled. The audit has pointed out this irregularity in the previous reports also but no action was taken by the HIMUDA authorities. Therefore, it is again advised that the accounts may be reconciled immediately so that true and fair view of the balance sheet can be ascertained.

7.9 Wrong depiction of ₹0.56 crore “Recoverable from H.P. Govt. on account of GRHS executed by HPPWD” & “Police Rental Housing Scheme ” under current assets :-

A sum of **(₹33,98,200.00 + ₹21,94,373.00)** was shown as minus figure under the head **“Recoverable from H.P. Govt. on account of Government Rental Housing Scheme and Police Rental Housing Scheme”** vide Sr. No. B (14 and 15) respectively of **Schedule ‘E’** of balance sheet under head **Current Assets**, whereas this amount should have been

shown in **Current Liability** in the books of accounts. The liability may be got settled immediately in view of factual position.

7.10 Non recovery of ₹3.62 Crore on account of “Maintenance, Water Charges & Rent Receivable” :-

A sum of **₹3,62,37,094.00** was shown as **Maintenance Charges, Water Charges and Rent receivable** in respect of housing colonies of HIMUDA vide Sr. No.17,18 & 19 of the **Schedule “E”**. The year wise detail is given below:-

Sr.No.	Year	Amount Receivable
1	2007-08	1,72,67,815.00
2	2008-09	1,93,30,007.00
3	2009-10	2,48,83,502.00
4	2010-11	2,92,77,194.00
5	2011-12	2,97,53,488.25
6	2012-13	3,62,37,094.00

The comparative year wise view clearly shows that the recoverable amount is increasing sharply and is a matter of serious concern. Therefore, suitable instructions are required to be issued from the Head Office to the divisions for affecting the outstanding recoveries in a time bound manner so that outstanding amount could be recovered at the earliest.

7.11 ₹12.55 Crore shown under the head IncomeTax Recoverable A/c from IT Deptt

A sum of **₹12,54,89,431.98** was shown under the accounting head Advance Payment of IncomeTax/ Income Tax Recoverable from IT Deptt in the Current Assets in Schedule-E at B (20,21,22,24,25,26,27). On scrutiny of these items, it has been observed that advance Income tax had been paid to the Income Tax Deptt. but no settlement of Tax has been done by the HIMUDA authorities resulting thereby a huge amount pending for settlement since 2005-06. Therefore, necessary steps should be taken for the settlement of this huge amount of Advance Payment of IncomeTax/ Income Tax Recoverable from IT Deptt.

7.12 Clubbing the amount of “Adjustable Amount(JNNURM) ₹3.11crore in the Accounting Head “Rectification” amounting to ₹ 3.15 crore.

A sum **₹3,15,01,840.24** has been shown under the Accounting head “Rectification” at Sr.No. B(31) of **Schedule “E i.e. Schedule of Current Assets, Loans and Advances.** This amount includes a sum of **₹3,10,69,839.74**, which was being shown under the separate head i.e. **“Adjustable Amount(JNNURM)”** in the previous year balance sheet. But during the current year, the **Adjustable Amount(JNNURM)** has been clubbed with Accounting head **“Rectification”**. The nature of both accounting heads are all together different & clubbing of accounting heads can not be done according to accounting principles. So clubbing of accounting head **“Adjustable Amount(JNNURM)”** with the accounting head **“Rectification”** may be rectified unless justified.

7.13 Non adjustment of Accounts worth ₹ 8.96crore :-

A sum of ₹ 8.96 Crore was shown since so many years in **Schedule “E”** under the head “current assets, loans & advances” as per detail given below. But no efforts were made to settle these accounts from the basic record. Strenuous efforts may be made to find out the basic record pertaining to these items and settle these accounts in accordance with rules /regulations and accounting principles in a time bound manner so that these outstanding amounts could be adjusted and factual position of accounts is ascertained.

Sr. No.	Head	Amount(₹) inlac	Remarks
1	Works Completed in Hand	448.09	The amount is pending for final settlement for last so many years
2	Material for works in store (NVP)	39.36	The amount is pending for final settlement for twelve years
3	Other miscellaneous advances (NVP)	87.45	The amount is pending for final settlement for twelve years. From the year 2012-13 the amount of S.debtors amounting to 85.04 has been clubbed with Other Misc.Advance (NVP)
4	Suspense a/c	5.76	The amount is pending for final settlement for last several years
5	Rectification	315.01	The amount is pending for final settlement for last several years
	Total	895.67	

8. SCHEDULE “E1” “Fixed Deposits”

8.1 Less Accountal of Interest amounting to ₹3.39crore on Interest on Receivable on FDRs:-

While checking the accounting head “Interest Receivable on FDRs” in **Schedule –E1** i.e. “Fixed Deposits”, it has been noticed that interest accrued on FDRs has been calculated & shown in Balance Sheet on yearly basis on simple interest basis, whereas as per rules it should be calculated on Quarterly Compound basis resulting thereby less accountal of interest amounting to ₹3,39,03,484.62 up to 31.03.2013. The said amount has been calculated by audit party during the course of audit and it was also discussed with HIMUDA authorities. However, it is advised that after doing necessary verification the rectification in respect of interest accrued on FDRs may be carried out immediately.

9. Profit & Loss Account for the year ending 31st March, 2013

The Profit & Loss Account of HIMUDA for the year 2012-13 shows an expenditure of ₹28,87,82,944.51 against income of ₹26,92,70,781.62 resulting excess of expenditure over income by ₹1,95,12,162.89 the net loss of ₹1,95,12,162.89 was transferred to Capital Account. The reasons of net loss has been depicted by the following table. The following table shows that there is steep increase in expenditure amounting to ₹ 4,04,85,043.73 as compare to previous year as well as sharp decrease in income amounting to ₹3,86,49,572.70 as compare to previous years which resulting the net loss during the current year.

Detail of decrease in Income & increase in Expenditure							
Particulars	Expenditure during the Current year	Expenditure during the Previous Year	Increase in Expenditure	Particulars	Income during the Current Year	Income during the Previous Year	Decrease in Income
Salaries	194,030,460.00	181,847,465.00	12,182,995.00	HPTA/Layout of Maps	334,790.00	558,260.00	-223470.00
Leave Encashment	8,142,444.00	5,896,150.00	2,246,294.00	Application forms		64,050.00	-64050.00
CPF Board Share A/c (D/W)	6,103,210.00	27,259.00	6,075,951.00	Sale of Tender Forms	592,200.00	962,500.00	-370300.00
Ex-gratia & Gratuity	698,041.00	20,841.00	677,200.00	Hire Charges of Vehicles	52,675.00	55,568.00	-2893.00
Arear of Pension	7,172,729.00	2,635,622.00	4,537,107.00	Lease Rent	284,633.00	3,219,882.00	-2935249.00
Travelling Expenses	2,126,628.00	1,836,102.00	290,526.00	Sewerage Connection Fee	63,530.00	99,740.00	-36210.00
Medical Expenses	2,749,484.10	2,716,998.00	32,486.10	Penal Interest	5,327,780.00	7,030,249.00	-1702469.00
Group Gratuity Scheme with LIC of India	122,067.00		122,067.00	Interest Receipts on loans & Adv.	1,169,717.00	1,218,097.00	-48380.00
Telephone Expenses	768,009.00	767,951.00	58.00	Instt. Receipts from colonies		29,941,451.70	-29941451.70
Electricity & Water charges	2,740,481.00	2,250,074.00	490,407.00	Watch & Ward Charges	4,158,191.00	4,806,709.00	-648518.00
Legal Expenses	1,367,104.00	668,494.00	698,610.00	Profit on valuation of Stock		74,395.00	-74395.00
Miscellaneous Expenses	349,666.00	331,708.00	17,958.00	Consultancy Fees		214,810.00	-214810.00
Office charges	2,579,210.00		2,579,210.00	Rent HIMUDA's Houses	133,361.00	159,172.00	-25811.00
Appeal charges	30,000.00		30,000.00	Ground Rent	1,989,474.00	2,712,360.00	-722886.00
Depreciation (FA)	1,635,473.52	1,319,380.99	316,092.53	Enlistment Form A/c/ Renewal Fee	4,230.00	8,740.00	-4510.00
Depreciation (own buildings)	2,196,817.08	1,884,515.98	312,301.10	Interest receipt A/C on CPF DW		23,514.00	-23514.00
Damage charges	120,000.00		120,000.00	Conversion Charges	1,601,418.00	3,177,574.00	-1576156.00

Employees compensation awarded exp	717,571.00		717,571.00	Empanelment Charges		34,500.00	-34500.00
Preparing of common public work	653,410.00		653,410.00	Other receipts		1,204,324.00	-1204324.00
Retainer ship fee	142,000.00		142,000.00	Damrage Charges		149,550.00	-149550.00
Interest payable on Em deposit	453.00		453.00	Licence/Registration/ Processing Fee	-31,063.00	749,000.00	-780063.00
Gift allotment	1,460,000.00		1,460,000.00	Commission / Service Charges of Adv.		439,728.00	-439728.00
Property Tax	405,913.00	17,881.00	388,032.00	Roof Painting Charges	1,352.00	3,560.00	-2208.00
Repairs & Maintenance of Various colonies	42,768,178.00	36,373,863.00	6,394,315.00				
Total Increase in Expenditure during the year	279,079,348.70	238,594,304.97	40,485,043.73	Total decrease in Income during the year	15,682,288.00	56,907,733.70	38,649,572.70

The following observations relating to profit & loss may be attended to:-

9.1 Incurring of Establishment Expenditure of ₹7.89crore over and above the Administrative charges received :-

An expenditure of **₹19,40,30,460.00** was incurred on Salary of staff against the Receipt of Departmental/administrative charges of **₹11,51,24,893.00** which clearly indicates that the construction activities are not matched with the administrative expenses i.e. salary etc. There is dire need to increase the construction activities to bridge the huge gape of **₹7.89crore** $\{(\text{₹}19,40,30,460(-) \text{₹}11,51,24,893.00 = 7,89,05,567.00)\}$. Hence the HIMUDA authorities are advised to increase its constructions activities in order to bridge the gap between administrative expenditure and departmental charges received.

9.2 Revenue loss of ₹2.53 crore on Maintenance of Colony

An expenditure of **₹4,27,68,178.00** was incurred on repair and maintenance of various colonies against the actual receipt of **₹ 1,74,40,347.00**

resulting thereby a revenue loss of (**₹1,74,40,347.00 - ₹4,27,68,178.00 = ₹2,53,27,831.00**) which needs full justification. The HIMUDA authorities are advised to bring the expenditure on maintenance of various colonies at par with the receipt on this account, to avoid the revenue losses in future.

9.3 Excess Debit of construction works by ₹0.01 crore

In the profit & loss account, repair & maintenance of vehicles was shown in minus figure of (**- ₹1,77,384.00**) which clearly shows that revenue is being earned from this account by charging excess expenditure to various works. Moreover vehicles used for administrative purposes are also being charged to running works irregularly. Overcharging of vehicles expenses on running works may be rectified unless justified.

9.4 Crediting of ₹1.98 crore to wrong head of account:-

Surplus on sale of colonies of **₹1,98,10,654.00** was shown in the profit and loss account. This amount pertains to yearly profit calculated by HIMUDA on the basis of percentage completion of works of different colonies, the adjustment of which shall be carried out subsequently on completion and finalization of costing of each colony. Hence the amount stated above should have been shown under the head **“Profit on Work in Progress”** instead of **“Surplus on sale of colonies”**. It is, therefore, advised that this account may be examined at HIMUDA level and necessary correction in the accounts may be carried out unless justified.

9.5 Excess credit of Employer Share of Employee Provident Fund (EPF Board Share) by ₹0.002 crore

In the debit side of Profit & Loss Account, the **Employer Share of Employee Provident Fund** has been shown as minus figure of (**- ₹27,962.00**) which shows that revenue is being earned from this account and the same should have been shown on the credit side of Profit & Loss Account instead

of debit side. Further, the revenue earned on account of “**Employer Share of Employee Provident Fund**” may be justified by giving necessary detail/self explanatory thereof.

9.6 **Excess debit of Licence/Registration /Processing Fee by ₹0.003 crore**

In the credit side of Profit & Loss Account, the **Licence/Registration/Processing Fee** has been shown as minus figure of (-) **₹31,063.00** which shows that expenditure is being done from this account and the same should have been shown on the debit side of Profit & Loss Account instead of credit side. Further, the Expenditure on account of “**Licence/Registration/Processing Fee**” may be justified by giving necessary detail/self explanatory thereof.

10 Construction Divisions

The audit of all construction divisions for the year 2012-13 has been completed. The serious irregularities noticed during the audit are exhibited below for taking further necessary action.

10.1 Excess payment of ₹0.59 Crore to the various contractors

From the detail checking of construction bills, it is noticed that ₹59.15 lacs were paid excess to the various contractors due to calculations errors, wrong payment of rates, less recovery of material etc. The division wise detail of excess payment is given below:-

Sr. No.	Name of the division	Para No.	₹ (in lacs)
1	Shimla division No. I	17, 18, 19	2.54
2	Shimla division No. II	12, 13, 14	.84
3	Mandi division	9, 10	.67
4	Parwanoo division	10, 13	17.60
5	Dhatamshala division	9, 10, 11, 13	37.50
		Total	59.15

10.2 Non recovery of secured advances of ₹79.11 Lacs

From the scrutiny of the record of secured advances paid to the various contractors, it is revealed that secured advances of ₹103.06 lacs were pending for recovery as on 31.03.2012. As per the provision of contract agreement the secured advances are sanctioned when the material is required for immediate use in the work. In such situation the recovery of secured advances is to be effected in the next running bill of the work, whereas, the secured advances were pending for recovery for a long period. Non recovery of secured advances in a time bound manner is a serious irregularity. The HIMUDA may take necessary steps to effect the recovery of secured advances unless the delay is justified. The division wise detail of pending recovery of secured advances is given below:-

Sr. No.	Name of the division	Para No.	₹ (in lacs)
1	Electrical division Dharamsala	6	35.54
2	Electrical division Shimla	5	44.57
		Total	79.11

10.3 Non utilization of stock articles of ₹19.33laks

During the examination of stock account of construction divisions-1 it is noticed that stock articles worth ₹19.33 lacs were lying unutilized since long time as per detail given below. The reasons for non utilization of stock articles may be intimated besides utilizing the same.

Sr. No.	Name of the division	Para No.	₹ (in lacs)	Remarks
1	Shimla division	6	10.97	Tying utilized since long time
2	Dharamsala division	27	8.36	
		Total	19.33	

10.4 Irregular/excess payment of salary of ₹9.50 lacs

While examining the salary & T.A. bills of the various divisions, it is noticed that ₹9.50 lacs were paid excess to the various employees. HIMUDA may take necessary action to effecting the recovery of excess payment of salary. The division wise detail of the excess payment is given below:-

Sr. No.	Name of the division	Para No.	₹(in lacs)	Remarks
1	Shimla division No. I	8	6.18	Irregular payment of salary
2	Mandi division	13, 14	2.33	Irregular payment salary
3	Parwanoo division	4	.99	Irregular payment of salary
		Total	9.50 Lcs	

10.5 Non adjustment of misc. advances ₹3.48 Crore

A sum of ₹348.59 lacs on account of misc. advances were lying pending for adjustment since long time with the various employees contractors/firms. The adjustment of thses advances may be insured. The division wise detail is given below:-

Sr. No.	Name of the division	Para No.	₹ (in lacs)
1	Shimla division No. I	4	14.29
2	Shimla division No. II	4	98.98
3	Mandi division	4	98.70
4	Parwanoo division	6	69.03
5	Dhatamshala division	5	60.63
6	Electrical division Shimla	4	6.96
		Total	348.59

11 Pending Audit Reports/paras

The position of the outstanding audit paras in respect of Head Office and seven division of HIMUDA and are given below. The Executive Engineers/Chief Accounts Officer are responsible of the settlement of audit paras but it is very strange that they not taking any keen interest for settlement of outstanding audit paras particularly no efforts has been made by the head office, Division No. I & II Shimla and Dharamsala Division for settlement of old outstanding paras. Non settlement and increasing trend of audit paras indicates inadequate response to audit findings by the auditee organisation and leads to wearing away of accountability. It is, therefore, advised that the C.E.O.-cum- Secretary, HIMUDA may

review the compliance/settlement of outstanding audit paras periodically so that the maximum audit paras can be settled.

Sr. No.	Name	Audit period	Outstanding paras in the beginning	Paras added during the current audit	Total	Paras settled during the current audit	Balance
1	Head Office	4/11 to 3/12	250	18	268	-	268
2	Shimla division No. I	4/12 to 3/13	268	19	287	13	274
3	Shimla division No. II	4/12 to 3/13	148	16	164	20	144
4	Mandi division	4/12 to 3/13	82	14	96	2	94
5	Electrical division Shimla	4/12 to 3/13	56	8	64	6	58
6	Electrical division Dhatamshala	4/12 to 3/13	18	6	24	5	19
7	Dhatamshala division	4/12 to 3/13	133	24	157	-	157
8	Parwanoo division	4/12 to 3/13	62	13	15	37	38

		Total	1037	125	1162	145	1052
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Sd/-

Director
Local Audit Department
Block No. 38, SDA Complex,
Kasumpti, Shimla-171009

	HIMACHAL Pradesh HOUSING & URBAN DEVELOPMENT AUTHORITY, NIGAM VIHAR, SHIMLA-2 BALANCE SHEET AS ON 31.03.2013							
Sr. No.	Liabilities	Schedule	Current Year	Previous Year	Assets	Schedule	Current Year	Previous Year
1	Reserve & Surplus	A	12164362254.80	1278614897.42	Fixed Assets	D	33122071.03	10395997.20
2	Secured Loan	B	49442411.00	87629000.00	Fixed Deposit (HIMUDA)	E1	381508942.95	0.00
3	Current Liabilities	C	1212946479.92	2258676003.07	Current Assets	E	2064194131.74	3614523903.29
	Total		2478825145.72	3624919900.49			2478825145.72	3624919900.49
	Chief Accounts Officer,				CEO-Cum-Secretary,			
	HIMUDA, Shimla-2				HIMUDA, Shimla-2			

Certified that the final Accounts i.e. Balance Sheet. Profit & Loss Account in respect of HIMUDA for the period 2011-2012 have been checked and verified on the basis of record produced & information/explanation given to us and the best of our knowledge & belief, the Final Accounts represents true & fair view of the functioning of the H.P. Housing & Urban Development. Certification is subject to observations contained in annual audit & inspection report for the period 2011-12

Sd/-

Deputy Director
Local Audit Department
H.P. Shimla-9

Sd/-

Director-Cum-Examiner,
Local Audit Department
H.P. Shimla-9

